

State of California  
BOARD OF EQUALIZATION

**SALES AND USE TAX REGULATIONS**

**Regulation 1630. PACKERS, LOADERS, AND SHIPPERS.**

*References:* Sections 6007, 6359.7, 6359.8, and 6364, Revenue and Taxation Code.

**(a) IN GENERAL — DEFINITIONS.** Packers, loaders, and shippers (hereinafter collectively called “shippers”) purchase tangible personal property to be used in conditioning the goods to be shipped and to preserve, protect, and contain the goods during transportation. Such property includes, but is not limited to, the following:

**(1) PROPERTY USED TO CONDITION THE GOODS FOR SHIPMENT OR TO PRESERVE AND PROTECT THE GOODS DURING SHIPMENT.**

bracing materials	gas (including dispensers)
car strips	ice and dry ice
cleaning compounds	miscellaneous preservatives
degreasing compounds	rust preventing compounds
derusting compounds	salt
dunnage or “loose” lumber	solvents
(except as otherwise specified in	tarpaulin (weather protection)
(2) below)	

**(2) PROPERTY USED AS CONTAINERS OR AS PARTS OF CONTAINERS OF THE GOODS SHIPPED.**

bags	gummed tape
barrels	kegs
bottles	lumber (including “loose” lumber
boxes	used in the same manner and
cans	for the same purpose as pallets)
carboys	pallets
cartons	sacks
crates	strapping
cylinders	twine
drums	wrapping paper
excelsior and other packing and	
crating material	

**(b) APPLICATION OF TAX.**

**(1) PROPERTY USED TO CONDITION, PRESERVE OR PROTECT GOODS DURING SHIPMENT.**

**(A) General.**

Tax applies to sales to shippers of property used in conditioning the goods to be shipped, or to preserve and protect the goods during transportation. It is immaterial whether or not a separate charge or separate billing is made by the shipper for the particular item, that it may not be returned to or reused by the shipper, that the goods are shipped in interstate or foreign commerce, or that the shipper's contract is with the United States. The property is purchased by the shipper for a purpose other than resale, i.e., conditioning the goods, or preserving and protecting the goods during shipment. Thus, the sale to the shipper is a retail sale, even though he or she may not retain title to the property used by him or her.

## **Regulation 1630. PACKERS, LOADERS, AND SHIPPERS.**(Continued)

### **(B) Ice and Carbon Dioxide.**

1. Ice. The sale or use of ice or dry ice used in packing and shipping or transporting food products for human consumption is exempt from tax when the food products are shipped or transported in intrastate, interstate or foreign commerce by common carriers, contract carriers, or proprietary carriers.
2. Carbon Dioxide. Operative January 1, 1995, the sale or use of carbon dioxide used in packing and shipping or transporting fruits or vegetables for human consumption is exempt from tax when the fruits or vegetables are shipped or transported in intrastate, interstate, or foreign commerce by common carriers, contract carriers, or proprietary carriers provided the fruits or vegetables are not sold to the ultimate consumer in the package that contains the carbon dioxide.

### **(2) PROPERTY USED AS CONTAINERS OR PARTS OF CONTAINERS OF GOODS SHIPPED.**

**(A) General.** Tax applies to the sale or use of containers or container materials under the provisions of regulation 1589, "Containers and Labels", (18 CCR 1589). However, except as provided in paragraph (b)(2)(C), when the shipper is not the seller of the contents, the sale of the containers or container materials or parts to the shipper is a taxable retail sale unless the shipper expressly contracts with his or her customer for the sale to his or her customer of the container or container material, making a separate charge therefor, with title passing from the shipper to his or her customer before any use of the material is made, and without any understanding or trade custom that the property will be returned to the shipper for reuse. When all of these conditions exist, the shipper may purchase the property for resale by giving a resale certificate to the supplier of the property. The sale of the property by the shipper is taxable unless exempt as a sale to the United States, as a sale in interstate or foreign commerce, or exempt for any other reason.

**(B) Carbon Dioxide.** Operative January 1, 1995, the sale or use of nonreturnable container materials containing carbon dioxide atmosphere is exempt from the tax when used in packing and shipping or transporting fruits or vegetables in intrastate, interstate, or foreign commerce by common carriers, contract carriers, or proprietary carriers, whether or not the shipper is the seller of the fruits or vegetables.

**(C) Packing Food Products for Human Consumption.** Sales tax does not apply to sales of nonreturnable containers sold without the contents to packers who place food products for human consumption in the containers for subsequent sale.

*History:* Effective May 24, 1945.

Amended June 29, 1945.

Amended and renumbered July 8, 1971, effective August 19, 1971.

Amended January 9, 1980, effective February 29, 1980. In (b) (l) (B) substituted "Until July 1, 1980, tax" for "Tax"; added second sentence; substituted "in every instance" for "however" in third (former second) sentence.

Amended May 6, 1986, effective July 9, 1986. In subdivision (b) (l) (B), amended regulation to provide that sale or use of ice or dry ice used in packing and shipping or transporting food products for human consumption is exempt from tax as specified.

Amended December 13, 1995, effective January 12, 1996. Amended paragraph (b) (l) (B) to incorporate provisions of SB 1774 (Stats. 1994, Ch. 624) which exempted the sale and use of carbon dioxide under certain named conditions.

Amended August 21, 1996, effective November 22, 1996. Added subdivision (b)(2)(C); amended subdivision (b)(2)(A) to provide that transactions qualifying under new subdivision (b)(2)(C) are excluded from its provisions.

*Regulations are issued by the State Board of Equalization to implement, interpret or make specific provisions of the California Sales and Use Tax Law and to aid in the administration and enforcement of that law. If you are in doubt about how the Sales and Use Tax Law applies to your specific activity or transaction, you should write the nearest State Board of Equalization office. Requests for advice regarding a specific activity or transaction should be in writing and should fully describe the facts and circumstances of the activity or transaction.*